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May 20, 2004

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th St., S.W.  
Washington, DC 20554

**Report of *Ex Parte* Communication**  
**Re: CC Docket No. 95-182; CC Docket No. 00-46**

Dear Ms. Dortch:

On May 19, 2004, Mike DelCasino, Judy Sello (by conference telephone) and the undersigned, on behalf of AT&T Corp. and Alascom, Inc., met with the following members of the FCC's staff to discuss matters related to the above-referenced proceedings, as described in the attached document which was distributed during the meeting:

Gail Cohen  
Deena Shetler  
William Kehoe  
Christi Shewman  
Julie Saulnier  
Ann Stevens

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Ms. Marlene H. Dortch  
Secretary  
Page 2

In the event that there are questions concerning this matter, please communicate with the undersigned or Mike DelCasino at 202-457-2023.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Charles R. Naftalin', with a long horizontal flourish extending to the right.

Charles R. Naftalin

cc:

Gail Cohen  
Deena Shetler  
William Kehoe  
Christi Shewman  
Julie Saulnier  
Ann Stevens

**AT&T and Alascom Petition for Elimination of Conditions  
Filed March 10, 2000, CC Docket No. 00-46**

In granting authority for the transfer of control of Alascom from Pacific Telecom to AT&T in August 1995, the Commission put in place several conditions on the AT&T-Alascom relationship, based upon the legal and factual record before it then, now approximately ten years out of date. In 2000, based upon a substantial showing of changed conditions, AT&T and Alascom requested elimination of those conditions, as follows.

Separate Corporate Subsidiary

AT&T should be relieved of the requirement to maintain Alascom as a separate corporate subsidiary, permitting AT&T's service to Alaska to be undertaken on the same terms as in the other 49 states. This would permit a more seamless provision of services nationally by AT&T, benefiting customers and improving competition. There is no legal or factual reason to require this condition.

The Commission should permit the integration of Alascom into AT&T immediately. In doing so, it should waive any carrier "discontinuance" and carrier selection procedures. Alascom has been doing business under the name "AT&T Alascom" for approximately nine years.

Separate Tariff Obligations

The Commission should remove the requirement that AT&T and Alascom maintain separate FCC tariffs for the same services. This requirement causes inefficiencies and customer confusion with no benefit at all.

Affiliate Transaction Rules

AT&T and Alascom are the only nondominant domestic interstate interexchange carriers which the Commission requires to observe the affiliate transaction rules. Compliance causes disruption, needless expense and inefficiencies, and as such, are anticompetitive.

Tariff No. 11

The Commission required that Alascom maintain its FCC Tariff No. 11 for the provision of Alaska "Common Carrier Services" because in August 1995 AT&T and Alascom were classified as "dominant" carriers and because Alascom held a *de jure* monopoly for the provision of public switched voice services by satellite to many tiny communities in the Alaska "Bush."

Ms. Marlene H. Dortch  
Secretary  
Page 5

GCI has made Tariff No. 11 a regulatory quagmire before the Commission, filing petitions against every material transmittal under it, even though GCI has never been a customer of Tariff No. 11. GCI allegations led to the formal investigation of Tariff No. 11 (CC Docket No. 95-182) which has never been formally designated. No formal complaint for damages by a customer has ever been filed against Alascom under Tariff No. 11. There have been few actual customers and little purchasing under it.

The Commission is free to authorize Alascom to terminate Tariff No. 11 as soon as it makes mutually agreeable alternate service arrangements with the five or six customers. Prospective removal of Tariff No. 11 would be without prejudice to GCI's various allegations in CC Docket No. 95-182, all of which are retrospective. An end to Tariff No. 11 permits AT&T and Alascom to deploy more competitive and efficient services, would reduce a considerable unnecessary burden to AT&T and conserves the Commission's future resources.

### **Fundamental Changes Since 1995**

- AT&T and Alascom declared nondominant carriers in 1995
- Passage of the Telecommunications Act of 1996, including the codification of the rate integration requirement under Section 254(g)
- Dramatic growth in competition, for example, entry of substantial new interexchange service competitors, such as ACS, Alaska Network Systems and Matanuska Telephone Association, and GCI matching or exceeding Alascom in market share
- Massive new investments in telecommunications facilities by Alascom's competitors, including: the deployment of two new undersea fiber optic cable systems, with a third currently in development, dropping Alascom's control of undersea cable from 90% to considerably less than 10%; competing satellite facilities; and competing terrestrial facilities, including fiber optic
- Repeal of the Alaska Bush policy in 2003 by the FCC, corresponding with the earlier repeal of a similar state policy, making facilities-based entry into Alaska Bush communities subject to the same regulation as prevails elsewhere in the United States
- There is every indication that telecommunications competition in Alaska has increased since Alascom filed its Petition in 2000